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| **Investment Strategy**  Policy Document – Version 2.0 |
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1. **Introduction**
   1. This policy is created under guidance issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Act 2003. The extant guidance was issued by DCLG in 2010.
   2. **This policy also complies with the *Statutory Guidance on Local Government Investments* issued by MHCLG in 2018 (as amended), which applies to all parish and town councils with investments in excess of £100,000.**
   3. Thurcroft Parish Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.
   4. **The Investment Strategy will be reviewed annually by the Finance & General Committee, approved by Full Council, and published for transparency in line with NALC guidance.**
2. **Objectives**
   1. The general policy objective of the Council is prudent investment of its balances. The Council’s investment priorities are:
3. Security of reserves

and then

1. Liquidity of investments
2. **Yield – but only once security and liquidity have been satisfied.**
   1. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
   2. **The Council will ensure that its investment decisions support effective treasury management, financial resilience, and the delivery of community objectives.**
3. **Investment Policy**
   1. The Parish Council shall diversify its reserves between multiple relatively highly rated UK banks and building societies. The Parish Council shall only use specified investments as defined by DCLG guidance. **3.1b Non-Specified Investments (longer than one year or with lower credit ratings) will not normally be used unless explicitly approved by Full Council with a written business case.**
   2. A significant percentage of the Council’s bulked reserves shall be placed on interest bearing term/notice deposits.
   3. To retain liquidity these shall be placed with phased end dates i.e. there will always be some maturing sooner than others.
   4. No one investment shall be for a period longer than two years or exceed £85,000.

**3.4a The Council will not invest in foreign institutions, derivatives, or equity-type products.**

* 1. No investments shall be held with the council’s current bankers.
  2. The Parish Council shall only invest with banks/building societies which it defines as “High Credit Quality”. This being those with a credit rating of A with Moody’s Investors Service or BBB with Standard and Poor’s or Fitch Rating Ltd. **3.6a Credit ratings will be reviewed at least quarterly, and if an organisation falls below the approved threshold, the RFO will take appropriate mitigating action.**
  3. Investments shall be decided and placed by the Responsible Finance Officer having used diligence including as a minimum finance search engines and ratings agencies.
     + 1. This shall be under the oversight of a standing Banking and Investments working group of two member of the Finance Committee
       2. The actual movement of money shall be by the usual authorised signatories.
       3. **All investment decisions must be formally recorded and reported to Full Council.**
  4. The procedure for undertaking investments, considering the need for timely and speedy placing of deal(s) shall be documented by the Responsible Finance Officer and recommended to Council from the Finance Committee before any investments are placed. **3.8a No investment shall be entered into without a prior risk assessment, confirming compliance with the Council’s risk appetite and diversification policy.**
  5. The responsible Finance Officer shall review credit ratings of organisations in which the Council holds investments on a quarterly basis. Should the credit rating of an organisation fall below that specified under 3.6, the Responsible Finance Officer shall consult the Banking and Investments working group and take appropriate action.

1. **Revision**
   1. Any revisions to this policy shall be approved by the Full Council.
   2. The Finance & General Committee shall review this policy annually and recommend any proposed changed to Full Council prior to the commencement of the new financial year. Where no changes are proposed, Full Council shall note the policy. **4.2a In accordance with statutory guidance, the annual Investment Strategy must be approved by Full Council before the start of each financial year.**
   3. Notwithstanding 4.2 this policy shall be reviewed in the event the Bank of England increased its base rate above 3% of the Financial Services Compensation Scheme is extended to cover the Parish Council.
   4. **The approved Investment Strategy will be published on the Council’s website each year to ensure openness and accountability.**